

From: Peevey, Michael R.  
Sent: 5/16/2012 8:17:23 PM  
To: Bottorff, Thomas E (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=TEB3);  
Clanon, Paul (paul.clanon@cpuc.ca.gov)  
Cc: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)  
Bcc:  
Subject: RE: PG&E and IBEW Update

Its good news. Thanks.

**From:** Bottorff, Thomas E [mailto:TEB3@pge.com]  
**Sent:** Wed 5/16/2012 3:56 PM  
**To:** Peevey, Michael R.; Clanon, Paul  
**Cc:** Cherry, Brian K  
**Subject:** FW: PG&E and IBEW Update

Fyi

Tom

**From:** A Message From John Simon  
**Sent:** Wednesday, May 16, 2012 3:48 PM  
**To:** All PG&E Mail Recipients; All PGE Corp Employees  
**Subject:** PG&E and IBEW Update

PG&E Employees:

PG&E and IBEW Local 1245 continued discussions this week after the bargaining committees made substantial progress last Friday in negotiations for a new agreement. I am pleased to report that we have been successful in reaching a table agreement.

The IBEW Business Manager and Bargaining Committee are recommending a “Yes” vote on the table agreement. The new agreement provides for a 2.75 percent general wage increase in 2012 (retroactive to January 1, 2012), 2013 and 2014.

The parties also addressed several concerns related to the proposed medical and cash-balance plans:

- Commitment to maintain certain Health Account terms for long-term stability under our health plan. (The four elements are: the deductible, maximum out-of-pocket, co-insurance percentages, and amount of annual contribution to Health Account.)
- A phased-in approach of the Medical Plans in 2013 and 2014
- Simpler health incentives that also enable employees to have a \$0 deductible health plan, and
- An agreement that current employees who elect to stay in the existing pension plan will not be required to move to the cash-balance plan later.

In the case of the Medical Plan, the Company and Union collaborated for more than 13 months to develop the proposed plan. It is cutting-edge in many ways and puts the focus on keeping employees healthy while at the same time keeping premiums and out-of-pocket costs amongst the lowest in the nation. Moreover, the work on the new health care plan will benefit all employees and will be offered to Management and A&T employees in 2013.

On the pension plan, we worked toward a sustainable design that preserves pension benefits for current employees, while providing future employees with a competitive cash balance retirement package and enhanced 401(k). The new plan would be provided to new employees hired after January 1, 2013, and would be offered as a choice to current employees. We think this approach is the responsible thing to do for our current employees, future employees and our customers. This also will be offered to our Management and A&T employees.

The parties agreed to refer PG&E's proposal on meals and IBEW's proposal on safety-related discipline to separate joint committees for resolution. There was a great degree of passion and emotion from both sides on these proposals, which impeded our ability to reach a table agreement.

We remain committed to providing our employees some of the best working conditions and most competitive benefits in the country, and this proposal reinforces that.

IBEW leadership will be meeting with its members to provide complete details of the agreement over the next several weeks. I would like to thank the Company and Union Bargaining Committees and the Federal Mediation and Conciliation Service for their hard work and efforts to reach this agreement.

Much more information will be coming your way soon.

John